

8 May 2020

ALLIANCE RESOURCES LTD

ASX: AGS

ABN: 38 063 293 336

Market Cap: \$13.9M @ \$0.09

Shares on issue: 154,038,332

Principal Office:

Suite 3, 51-55 City Road
Southbank Victoria 3006
AUSTRALIA
Tel: +61 3 9697 9090
Fax: +61 3 9697 9091

Email:

info@allianceresources.com.au

Web:

www.allianceresources.com.au

Projects:

Wilcherry, SA (100%): gold, iron,
base metals, graphite

Gundockerta Sth, WA (100%):
nickel-gold

Nepean, WA (100%):
nickel-gold

Kalgoorlie Sth, WA (100%):
nickel-gold

Share Registry:

Computershare Investor Services
GPO Box 2975
Melbourne Victoria 3001
AUSTRALIA
Tel: 1300 850 505
Fax: +61 3 9473 2500

AUGER SOIL RESULTS

Nepean Project (Western Australia)

Auger sampling defines 4.5 square kilometre area of gold in soil anomalism (+7.5 ppb Au threshold)

Alliance Resources Ltd (Alliance) is pleased to announce the results of auger soil sampling at the Nepean nickel-gold project (Project) in Western Australia's Eastern Goldfields.

The Project comprises one exploration licence (E15/1658) and is located 26 kilometres southwest of Coolgardie. The tenement is prospective for both komatiitic-hosted nickel sulphide deposits and greenstone-hosted orogenic gold deposits.

During 2016 and 2017 Alliance discovered widespread gold in soil anomalism to the south of the Project, which was tested by aircore drilling in 2018. This drilling did not identify any significant gold in regolith anomalism and it was concluded that the gold in soil anomalism may be derived from the north.

Exploration licence E15/1658 was granted in November 2019 and during March 2020 a 250 sample auger soil program was completed to extend the previously defined gold in soil anomalism.

Sampling was completed using a 100 metre by 200 metre spaced grid.

The results from this auger soil sampling program have more than doubled the size of the gold in soil anomaly (+7.5 ppb Au threshold), which now covers a 4.5 square kilometre area (refer to Figure 1 and Table A).

The next phase of exploration planned at the Project is aircore drilling to test for gold in regolith anomalism, which can be used as a vector towards a primary gold deposit.

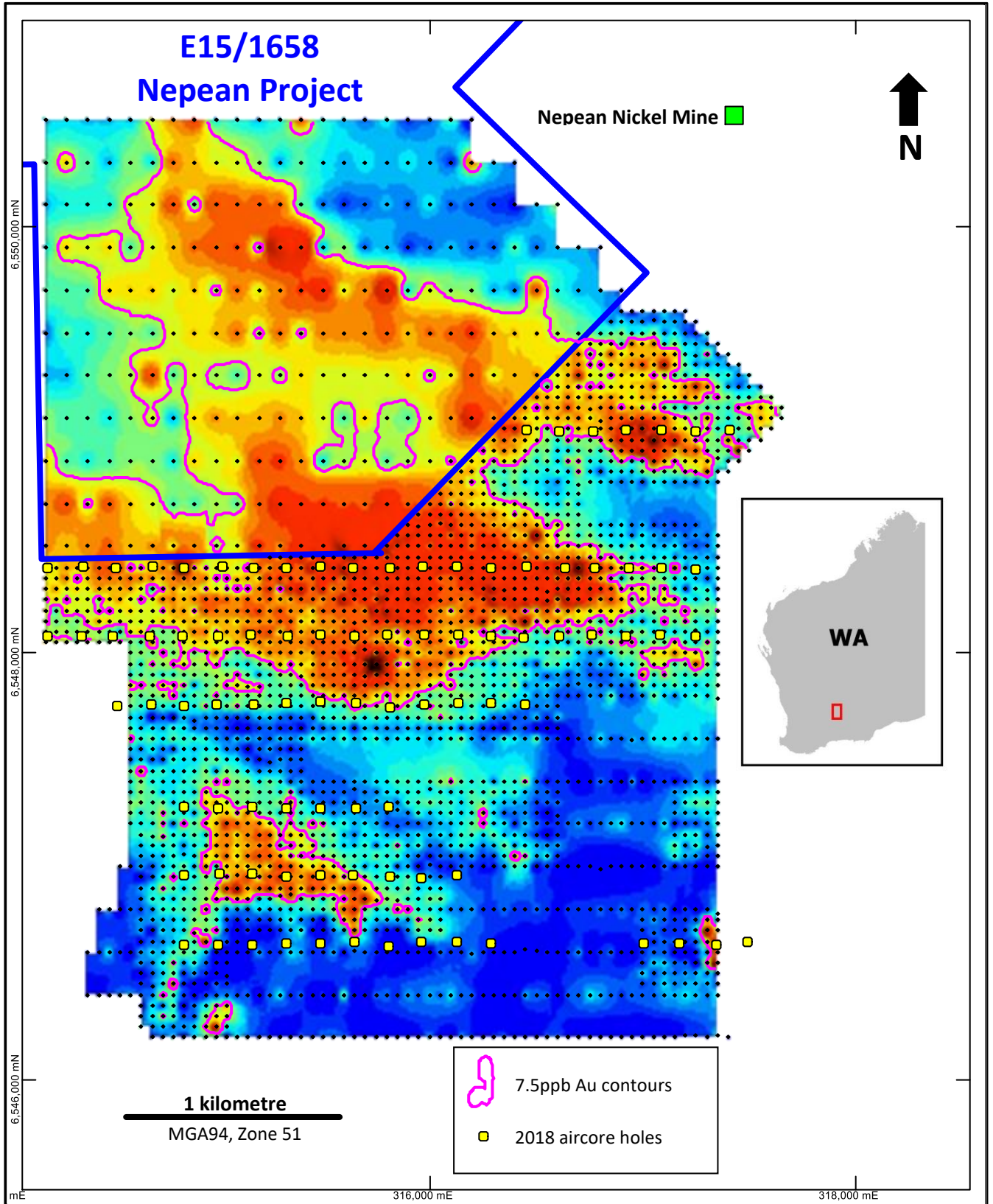


Figure 1. Nepean Project: Gold in auger soil results

Table A: Nepean auger soil gold results ≥ 7.5 ppb

Sample_ID	North_MGA	East_MGA	Au_ppb
NS002477	6548500	314200	11
NS002478	6548500	314300	9
NS002479	6548500	314400	10
NS002480	6548500	314500	11
NS002481	6548500	314600	9
NS002482	6548500	314700	10
NS002483	6548500	314800	8
NS002484	6548500	314900	10
NS002486	6548500	315100	8
NS002487	6548500	315200	15
NS002488	6548500	315300	10
NS002489	6548500	315400	15
NS002490	6548500	315500	16
NS002491	6548500	315600	31
NS002492	6548500	315700	23
NS002493	6548700	314200	10
NS002494	6548700	314300	13
NS002496	6548700	314500	12
NS002497	6548700	314600	9
NS002498	6548700	314700	8
NS002503	6548700	315200	11
NS002504	6548700	315300	17
NS002505	6548700	315400	13
NS002506	6548700	315500	13
NS002507	6548700	315600	12
NS002508	6548700	315700	11
NS002509	6548700	315800	18
NS002510	6548700	315900	12
NS002511	6548900	314200	9
NS002518	6548900	314900	9
NS002519	6548900	315000	8
NS002520	6548900	315100	8
NS002521	6548900	315200	13
NS002522	6548900	315300	14
NS002523	6548900	315400	10
NS002526	6548900	315700	8
NS002529	6548900	316000	8
NS002536	6549100	314700	8
NS002538	6549100	314900	9
NS002539	6549100	315000	10
NS002540	6549100	315100	9
NS002541	6549100	315200	9
NS002542	6549100	315300	10
NS002543	6549100	315400	9
NS002544	6549100	315500	8
NS002546	6549100	315700	9
NS002549	6549100	316000	8
NS002550	6549100	316100	10
NS002551	6549100	316200	19
NS002552	6549100	316300	10
NS002558	6549300	314700	13
NS002560	6549300	314900	8
NS002563	6549300	315200	8
NS002565	6549300	315400	9
NS002566	6549300	315500	8
NS002567	6549300	315600	8
NS002568	6549300	315700	8
NS002569	6549300	315800	8
NS002570	6549300	315900	9
NS002572	6549300	316100	8
NS002573	6549300	316200	13

Sample_ID	North_MGA	East_MGA	Au_ppb
NS002574	6549300	316300	8
NS002575	6549300	316400	9
NS002576	6549300	316500	10
NS002583	6549500	314800	8
NS002584	6549500	314900	9
NS002585	6549500	315000	9
NS002586	6549500	315100	11
NS002588	6549500	315300	11
NS002590	6549500	315500	10
NS002591	6549500	315600	10
NS002592	6549500	315700	10
NS002593	6549500	315800	12
NS002594	6549500	315900	9
NS002595	6549500	316000	11
NS002596	6549500	316100	11
NS002597	6549500	316200	14
NS002598	6549500	316300	9
NS002599	6549500	316400	9
NS002600	6549500	316500	9
NS002606	6549700	314500	9
NS002607	6549700	314600	9
NS002608	6549700	314700	9
NS002609	6549700	314800	8
NS002610	6549700	314900	9
NS002612	6549700	315100	11
NS002613	6549700	315200	8
NS002614	6549700	315300	10
NS002615	6549700	315400	13
NS002616	6549700	315500	16
NS002617	6549700	315600	8
NS002618	6549700	315700	10
NS002619	6549700	315800	20
NS002621	6549700	316000	8
NS002626	6549700	316500	12
NS002632	6549900	314300	9
NS002633	6549900	314400	8
NS002634	6549900	314500	9
NS002636	6549900	314700	8
NS002637	6549900	314800	9
NS002638	6549900	314900	11
NS002639	6549900	315000	12
NS002640	6549900	315100	13
NS002642	6549900	315300	25
NS002643	6549900	315400	21
NS002662	6550100	314600	8
NS002663	6550100	314700	8
NS002664	6550100	314800	13
NS002666	6550100	315000	13
NS002667	6550100	315100	11
NS002668	6550100	315200	12
NS002669	6550100	315300	11
NS002684	6550300	314300	9
NS002689	6550300	314800	11
NS002690	6550300	314900	9
NS002691	6550300	315000	8
NS002692	6550300	315100	8
NS002703	6550300	316200	11
NS002711	6550500	314700	8
NS002712	6550500	314800	10
NS002713	6550500	314900	14
NS002718	6550500	315400	12

This announcement has been authorised for release by the Board.

Kevin Malaxos
Managing Director

About Alliance

Alliance Resources Ltd is an Australian gold and base metals exploration company with 100% owned projects in South Australia and Western Australia.

The Company's flagship project is the Wilcherry Project, located within the southern part of the Gawler Craton, approximately 45 km north of the township of Kimba, South Australia.

The maiden Mineral Resource estimate for the Weednanna Gold Deposit, part of the Wilcherry Project, is 1.097 Mt grading 5.1 g/t gold for 181,000 oz gold (classified 49% Indicated and 51% Inferred). Refer to ASX announcement dated 6 September 2018 for details concerning the Mineral Resource and the Competent Persons consent. Alliance is not aware of any new information or data that materially affects the information included in the above- mentioned announcement. All material assumptions and technical parameters underpinning the above-mentioned Mineral Resource estimate continue to apply and have not materially changed.

An independent scoping study is positive and supports a new, 250 ktpa gold plant at Weednanna. Total indicative capital cost is approximately \$44 million, including an open pit pre-strip of approximately \$8 million. Refer to ASX announcement dated 18 April 2019 for details concerning the scoping study including the above-mentioned financial information. All material assumptions underpinning the above-mentioned financial information continue to apply and have not materially changed.

There is potential to increase the size of this Mineral Resource with further drilling.

Alliance also owns an 80 person camp located on leased land in the township of Kimba and which will be utilised during construction.

Competent Person

The information in this report that relates to the Exploration Results is based on information compiled by Mr Anthony Gray. Mr Gray is a Member of the Australian Institute of Geoscientists and is a part-time contractor to Alliance Resources Ltd. Mr Gray has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gray consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Section 1 – Sampling Techniques and Data		
Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	Sample type was soil samples from auger drilling.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Industry standard practice has been applied on site to ensure sample representivity. The laboratory has applied appropriate QA-QC to sample preparation and appropriate calibration/QA-QC to analytical instruments.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay')</i>	Auger drilling was used to obtain a ~200g sample from the end of auger hole (between 0.3m and 2m depth) which was pulverised to produce a 10g charge prior to aqua regia digestion with ICP-MS finish.
Drilling techniques	<i>Drill type (eg. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (eg. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	Open hole auger drilling.
Drill sample recovery	<i>Method recording and assessing core and chip sample recoveries and results assessed.</i>	~200g sample collected from end of hole in calcrete horizon (if present)
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Sample recovery 100% due to method of sampling (auger drilling). Calcrete horizon preferentially sampled.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Low potential for sample bias due to method of geochemical sampling (auger drilling).
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Not applicable.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Not applicable.
	<i>The total length and percentage of the relevant intersections logged.</i>	Not applicable.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not applicable.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	A sample scoop was used to collect a ~200g sample of auger drill spoil from the end of hole.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Sample preparation and analyses was carried out by MinAnalytical in Perth. All samples were dried, crushed, pulverised and split to produce a charge of 10g for analyses.
	<i>Quality control procedures adopted for all sub-sampling stages to maximize representivity of samples.</i>	The calcrete horizon was preferentially sampled. Acid was used to test for presence of carbonate.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	All samples were collected as ~200g samples at the end of each hole. No duplicate samples were submitted to the laboratory.
Quality of assay data and laboratory tests	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered to be appropriate to the grain size of the material being sampled.
	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The analytical technique (AR10MS) uses 3 acid (partial) digestion followed by ICP-MS for Ag, As, Au, Bi, Co, Cu, Mo, Ni, Pb, Sb, Te, W and Zn. The technique is considered appropriate for the sample type.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibration factors applied and their deviation, etc.</i>	Not applicable.
	<i>Nature of quality control procedures adopted (eg. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie. lack of bias) and precision have</i>	Sample duplicates and sample standards were inserted into the sample sequence every 26 samples by the laboratory. Sample blanks were inserted into the sample sequence every 52 samples by the laboratory. The analyses of the duplicates

Section 1 – Sampling Techniques and Data		
Criteria	JORC Code explanation	Commentary
	<i>been established.</i>	indicate acceptable levels of accuracy have been established.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Alternative company staff have verified the significant results that are tabled in this report.
	<i>The use of twinned holes.</i>	Not applicable.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Each sample bag was labelled with a unique sample number. Sample numbers are used to match analyses from the laboratory to the in-house database containing sampling data.
	<i>Discuss any adjustment to assay data.</i>	Other than arithmetically averaging of repeat analyses, no adjustments have been made to analyses.
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other location used in Mineral Resource estimation.</i>	Auger collars were surveyed by handheld GPS. Expected horizontal accuracy is +/-4m (95%) and vertical accuracy is +/-10m (95%).
	<i>Specification of the grid system used.</i>	MGA94, Zone 51.
	<i>Quality and adequacy of topographic control.</i>	Topographic control is considered adequate.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Data spacing is listed in Table A in the body of the report.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedures(s) and classifications applied.</i>	Not applicable at this stage of exploration.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Not applicable at this stage of exploration.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Not applicable at this stage of exploration.
Sample security	<i>The measures taken to ensure sample security.</i>	Samples were transported offsite each day to a secure location prior to transportation to the laboratory.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No audits or reviews have been undertaken.

Section 2 – Reporting of Exploration Results		
Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Nepean Project (E15/1658) is owned 100% by Alliance (SA) Pty Ltd (Alliance). The Project is centred 26 km southwest of Coolgardie, Western Australia.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenement is in good standing with no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	<i>Acknowledgement and appraisal of exploration by other parties.</i>	The area has been explored by companies including Metals Exploration Ltd (1968-1985), Killoran NL (1999-2005), and Bullabulling Operations Pty Ltd (2012-2018). All previous work has been appraised by Alliance.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	The Nepean Project is located within the Coolgardie Domain of the Kalgoorlie Terrane within the Eastern Goldfields Province of Western Australia. The tenement captures part of the southern end of the mafic-ultramafic greenstone sequence that hosts the historic Nepean Nickel Mine and Burbanks Gold Mine (not part of E15/1658). The project is prospective for both komatiitic-hosted nickel sulphide mineralisation and greenstone-hosted orogenic gold mineralisation.
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar;</i> • <i>elevation or RL (reduced Level - elevation above sea level in metres) of the drill hole collar;</i> • <i>dip and azimuth of the hole;</i> • <i>down hole length and interception depth;</i> 	Refer to the Table A in the body of report for all significant gold results from the auger soil drilling to which this report relates.

Section 2 – Reporting of Exploration Results		
Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> hole length. <p>If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</p>	
Data aggregation methods	In reporting Exploration results, weighting averaging techniques, maximum and/or minimum grade truncation (eg. cutting of high grades) and cut-off grades are usually material and should be stated.	Only results ≥ 7.5 ppb Au are reported in Table A.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregation should be shown in detail.	Not applicable.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg. 'down hole length, true width not known').</p>	Not applicable as results are soil geochemical results.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Refer to figure in the body of the announcement.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Only results ≥ 7.5 ppb Au are reported in Table A. The location of all samples (including those < 7.5 ppb Au) is illustrated in Figure 1.
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density; groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	All relevant exploration data collected so far have been reported.
Further work	The nature and scale of planned further work (eg. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Refer to main body of report.